

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

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December 21, 2004

**FROM:**       **DAVID H. SLAUGHTER**, Director  
Real Estate Services Department

**JAMES FELTEN**, Public Health Director  
Department of Public Health

**SUBJECT:   LEASE AMENDMENT WITH 505 NORTH ARROWHEAD LLC—515 N.  
ARROWHEAD AVE.**

**RECOMMENDATION:** Approve Amendment No. 1 to Lease Agreement No. 99-963 with 505 North Arrowhead LLC to reflect a change of ownership, extend the term through December 31, 2006, decrease the leased space by 7,707 square feet for a total of 7,708 square feet of office space, and reduce the monthly rent effective January 1, 2005, in San Bernardino for the Department of Public Health (DPH) in the amount of \$216,432.

**BACKGROUND INFORMATION:** On October 5, 1999, the Board approved a five-year lease agreement, No. 99-963, with three two-year options to extend for 15,415 square feet of office space (the entire two-story building) at 515 North Arrowhead Avenue in San Bernardino. The original term was from January 1, 2000 through December 31, 2004. This space was occupied by DPH's California Children's Services (CCS), Disaster Alert Medical Team (DMAT) and Inland Counties Emergency Medical Agency (ICEMA). In June 2004, CCS relocated to 150 Carousel Mall, Building B, in San Bernardino, leaving DMAT and ICEMA at the 515 North Arrowhead Avenue location.

DPH requested Real Estate Services Department (RESA) exercise the first two-year option to extend the term through December 31, 2006, decrease the leased space by 7,707 square feet and retain the 7,708 square foot first floor, which will be occupied by ICEMA, DMAT and DPH's Bioterrorism Unit (BT).

The terms of the lease are summarized as follows:

Lessor:               505 North Arrowhead LLC  
                          Beverly Nicholson, VP, LLC Manager

Location:            515 North Arrowhead Avenue, San Bernardino

Size:                 7,708 square feet

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Term: Two years commencing January 1, 2005

Options: Two two-year options remain

	<u>Cost per sq.ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
Rent: (old)	\$1.13 (full service)	\$17,419	\$209,028
(new)	\$1.17* (full service)	\$ 9,018	\$108,216
*Low-range for the San Bernardino area			

Annual increases: Based on the percentage change to the Consumer Price Index (CPI)

Improvement costs: None

Custodial: Provided by Lessor

Maintenance: Provided by Lessor

Utilities: Provided by Lessor

Right to terminate: The County has the right to terminate with 90-days notice

Parking: Sufficient for County needs

**REVIEW AND APPROVAL BY OTHERS:** This item has been reviewed by County Counsel (Fiona Luke, Deputy County Counsel, 387-5474) on November 23, 2004; DPH (Gary McBride, Chief of Administrative Services, 287-6222) on December 2, 2004; and the County Administrative Office [Daniel R. Kopp (387-3828) and Beatriz Valdez (388-0211), Administrative Analysts] on December 13, 2004.

**FINANCIAL IMPACT:** The total cost of this two-year amendment is \$216,432. The total cost in 2004-05 will be \$158,622 (\$17,419 per month x six months and \$9,018 per month x six months). Lease payments will be paid from Rents budget (AAA RNT) and reimbursed from the DPH budget (AAA-PHL). Sufficient appropriation is included in the 2004-05 Rents and DPH budgets.

Annual lease costs (subject to CPI adjustment) are as follows:

<u>Year</u>	<u>Annual</u>
January 1, 2005 thru December 31, 2005	\$108,216
January 1, 2006 thru December 31, 2006	\$108,216

**COST REDUCTION REVIEW:** The County Administrative Office has reviewed this agenda item, concurs with the department's and RESD's proposal, and recommends this action based on the continuing need to provide space for DPH's ICEMA, DMAT and BT programs. The lease cost is included in the DPH budget and will not require additional local cost. Funding is anticipated to be available for the term of this lease extension. Consolidation of this space with other existing space has been explored and no feasible opportunity exists at this time. This lease can be terminated with 90-days notice.

**SUPERVISORIAL DISTRICT:** Fifth

**PRESENTER:** David H. Slaughter, Director, 387-7813

CP: 387-7824 bas: 387-7830